WORKERS' COMPENSATION COMMISSION
OF NEWFOUNDLAND AND LABRADOR

Head Office:
146-148 Forest Road, St. John's, Nfld.

Branch Offices:
Hardy Avenue, Grand Falls, Nfld.
Main Street, Corner Brook, Nfld.

DEDICATED TO THE PROVISION OF PROMPT AND ADEQUATE INCOME PROTECTION TO VICTIMS OF INDUSTRIAL INJURY AND TO THEIR FULLEST POSSIBLE REHABILITATION.

ED MAYNARD	— CHAIRMAN & CHIEF EXECUTIVE OFFICER
ANDY ROSE	— COMMISSIONER
GORDON WOODFORD	— COMMISSIONER
MAX BURSEY	— EXECUTIVE DIRECTOR, CLAIMS SERVICES
BRUCE PECKFORD	— EXECUTIVE DIRECTOR, FINANCE & ADMINISTRATION

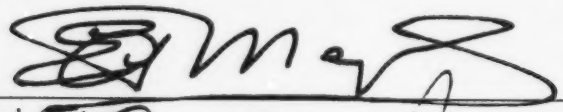
THE HONOURABLE T. A. BLANCHARD,
MINISTER OF LABOUR

Mr. Minister:

The Workers' Compensation Commission is pleased to present the Annual Report of operations for the year 1984.

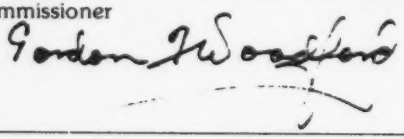
We trust that the information contained herein, regarding the activities of the Commission during the past year, is satisfactory.

Respectfully submitted,



Ed Maynard, Chairman

A. G. Rose, Commissioner



G. F. Woodford, Commissioner

REPORT ON OPERATIONS
1984

GENERAL

Workers' compensation is a mandatory no-fault work injury insurance program. It insures a worker's earnings against loss resulting from injury arising out of and in the course of employment.

During 1984, the Commission continued to revise and develop policies and procedures to ensure that its mandate would be carried out in an efficient manner. While the legislation and the basic mandate does not change substantially from year to year, the changing circumstances in society dictates that the Commission use the flexibility built into the legislation to respond to the requirements of its clientele; namely the injured workers, and the employers of the province.

1984 was the first year of operation under the new 90% of net wage loss system of compensation. The implementation of the new system has proceeded smoothly. There is, however, a complicating factor; in that currently there are two systems running parallel. For injuries occurring prior to January 1, 1984, a worker's right to compensation under the prior legislation continues; while any claims originating due to injuries occurring on or after that date are governed by the new Act.

Regulations are being formulated to provide for a transition system, to convert the pre-1984 claims to the 90% of net wage loss system. During the latter part of the year a survey of claimants on long term disability benefits was initiated in order to get some indications of the problems that may be encountered in putting a conversion program into place. Once the survey is completed, the approriate legislative measures will be recommended for consideration. It is anticipated that some conversion programs can be implemented early in the coming year.

The Commission's Executive level of administration performs a dual function:

(1) the general administrative management of the Commission's operation; and

(2) the quasi-judicial function of reaching decisions on claims and assessment matters that are being appealed from the decisions of the adjudication and assessment divisions.

In recognition of this dual role, the functions of the executive level management have been separated into two distinct categories. For general administrative purposes, (i.e. all matters not related to a specific claim or assessment) management is under the direction of an Executive Committee, consisting of the three Commissioners and two Executive Directors. Matters which concern a specific claim for compensation, or assessment on an employer, are dealt with through an appeal system exclusively within the jurisdiction of the Board of Commissioners.

The system appears to be working very well and ensures that the decision on any individual claim or assessment matter is not influenced by considerations relating to the overall general administration of the Commission.

The appeal system currently has a two level structure:

(1) where a matter has been dealt with by the adjudication division of the claims department, or the assessment division of the financial services department, and the affected party is not satisfied with the decision, the first level of appeal is a Commissioner's Appeal Panel. The Panel is made up of a Commissioner as chairman, plus, two staff members who have not been involved in the matter previously. In most cases, formal hearings are convened and the parties are given an opportunity to present their case.

(2) if the parties are not satisfied with the decision at the Appeal Panel level, the next step is to appeal the case before the full Board of Commissioners. Since the Commission has exclusive jurisdiction to determine a matter, this is the final level of appeal; although it is possible (and sometimes happens), that the Board of Commissioners will decide to re-hear and re-determine the case, depending on whether new evidence has been presented.

Nearly all of the appeals in 1984 related to claims compensation matters. Fifty-two formal appeal hearings were heard at the Appeal Panel level. Only four of these went on to the final level of appeal. Since cases requiring appeal hearings originate from various areas of the Province, the Board of Commissioners has continued a policy of holding hearings in other regions on a periodic basis. This is for the convenience of the appellants who otherwise would, in many cases, have to travel long distances to appear before an Appeal Panel or Board.

On the general administration side, the Executive Committee has continued to scrutinize the administrative cost of the Commission's operations. In 1984, this included an analysis of the cost of administration compared to other Boards and Commissions across Canada. It was found that, on the basis of a percentage of total revenue required for administration costs, the Commission is at the lower end of the spectrum compared to other Boards and Commissions. This does not indicate that there is no room for improvement, and the Executive Committee is continuing its search for ways and means to improve the efficiency of the system, while at the same time reducing administrative costs. The target is, as it has been in the past, to keep administration costs at, or below, 10% of total revenues.

In past years there did not appear to be any great demand from sectors of the public for information regarding workers' compensation legislation and programs. That appears to be changing. During this year there have been a number of requests for officials of the Commission to conduct seminars, workshops, etc. for various employers, labour, and other groups. There is a growing awareness by the general public that the workers' compensation program is a significant and important one, and there is a desire to know more about it. The Commission hopes that this trend will continue and looks forward to the opportunity of disseminating as much information as possible to interested groups or individuals.

CLAIMS DEPARTMENT

The Claims Department is responsible for processing all claims reported

to the Commission. This involves assembling all available information, adjudicating the claim, and processing compensation payments.

Compensation benefits include:

- temporary total, or temporary partial disability benefits for replacement of wage loss resulting from a work injury;
- permanent disability benefits where there is loss of bodily function associated with the injury;
- dependency benefits in the case of a fatal injury to a worker; and,
- payment of medical aid costs, i.e., hospital, doctor, pharmaceutical, and travel costs associated with seeking medical attention.

In 1984 it became apparent that the number of lost time claims was on the increase and also the number of continuing payment claims was remaining high. To cope with this increased workload the Commission recruited two additional claims adjudicators and two additional claims investigators for one year. These positions will be assessed during 1985 and will be extended if the need continues.

Forty-four persons are employed in the Claims Department, the largest department within the Commission. The processing of claims is very time consuming but the Department has a competent staff who ensure that claims are processed quickly and accruately.

In 1984, 16,107 claims were submitted to the Commission. This represents a 6% increase over 1983. Of the total claims registered, 8,701 were approved for lost time benefits, and 6,987 were approved for medical aid costs only.

At year end there were approximately 800 claimants receiving temporary total disability benefits. This comparatively high number continues to be a major concern of the Commission. This department is continuously increasing its efforts to ensure that no unnecessary delays exist in a workers medical treatment. A close review and follow-up is done by the claims adjudicators and the Medical Department of all medical reports received from treating physicians to ensure that appropriate medical management is carried out.

Calculation of Lost Time Benefits

Beginning in 1984 compensation was calculated at 90% of earnings, net of Canada Pension, Income Tax and Unemployment Insurance. This formula eliminates the inequities of the 75% of gross method and ensures that claimants do not receive more from compensation than from on-the-job earnings.

Disability Benefits

A two tier benefit system has been implemented: (i) a lump sum based on physical restriction; and (ii) earnings replacement where there is a loss of earnings as a result of the injury.

Age Limit for Benefits

Benefits are now payable to a worker up to age 65 only, with the minor exception that where a worker is over age 63 at the time of the injury, benefits may continue for up to two years.

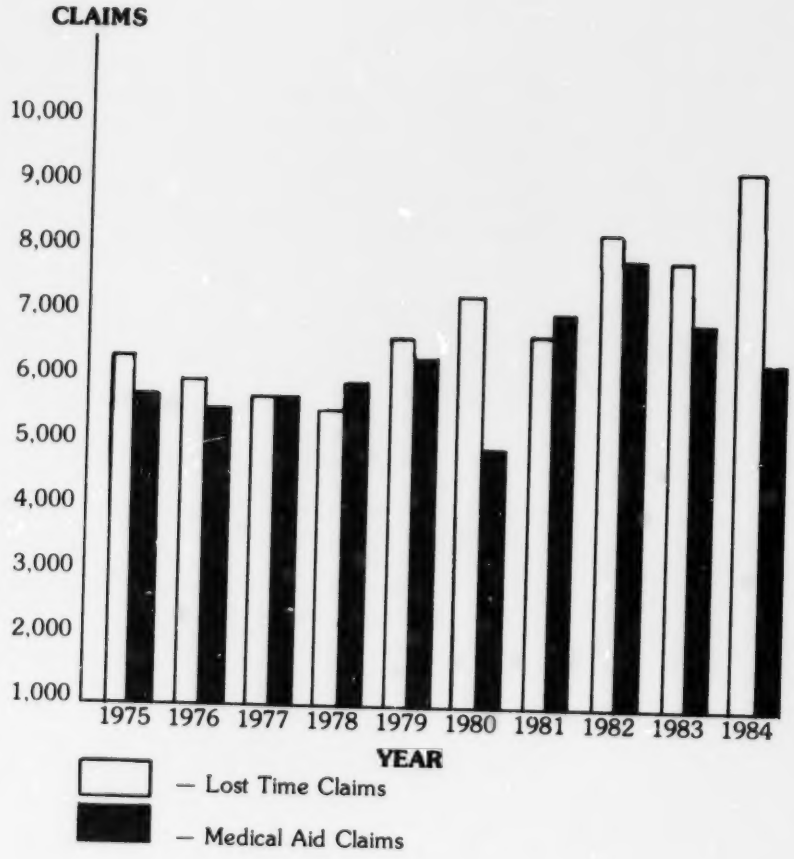
Annuity at Age 65

A fund is to be set up, for workers who are in receipt of compensation for more than 24 consecutive months, to provide for an annuity at age 65.

Payment to Worker for Day of Injury

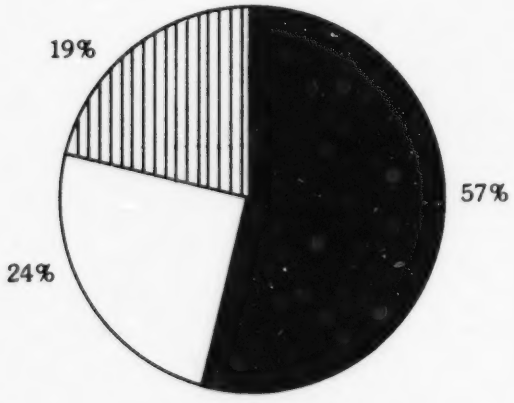
The Employer is now required to pay the worker for the day of injury, with compensation benefits effective the following day.

LOST TIME AND MEDICAL AID CLAIMS



CLAIMS COST

TEMPORARY DISABILITY BENEFITS	—	$15,179,140
PERMANENT DISABILITY AND DEPENDENCY BENEFITS	—	6,417,962
MEDICAL AID PAYMENTS	—	5,012,980
		$26,610,082



REHABILITATION DEPARTMENT

The objective of the Rehabilitation Department is to formulate and implement programs to assist injured workers to return to gainful employment at the earliest possible time and at an income level equal, or as close as possible to, the pre-injury level.

1984 was the first year for the new wage (earnings) loss replacement system. Once the "temporary total disability" phase of an injured worker's benefits has ended, the Rehabilitation Department plays a leading role in applying programs to reduce any future earning loss resulting from the injury. While the number of cases handled this year was not large, the implementation of the system will present some interesting challenges for the years ahead.

The department's 1984 case load was slightly less than the prior year; with 1,155 cases as compared to 1,209 in 1983. This was due to a rearranging of case referral procedures, whereby cases not ready for vocational rehabilitation involvement were not referred for casual follow up. This allowed more time for counsellors to concentrate on cases that show more immediate need.

Greater emphasis was placed on job search in 1984, with the result that training programs were reduced by 14% on a monthly average. There were 136 workers placed in job search programs at a cost of $250,239; an average of $1,840 per worker. The average length of the programs was five weeks.

There were 196 workers in training programs in 1984, with 104, representing 9% of the total case load, continuing their various programs at the end of the year.

Of the total case load, 597, representing 51%, were finalized; that is, returned to employment and/or successfully rehabilitated. Of the remainder, 272 are still under medical treatment since the implementation of a vocational rehabilitation program is not practical at this time.

Despite high unemployment conditions, it is obvious that if a disabled worker sincerely wants to return to the work force, opportunities do exist. With assistance (counselling and financial) from the Commission, a great deal is being accomplished.

At the same time it is felt that many workers still under medical attention should be encouraged to return to temporary modified employment and production compatible with their present condition. The department is considering policies and programs for 1985 to encourage earlier rehabilitation efforts by the injured worker.

While the nature of an injury may prevent a worker from returning to the pre-injury employment with the same employer, more consideration has to be given to alternative forms of work with that employer, to offset the ill effects that long term inactivity brings for injured workers and their families. In many cases "trial work" programs would be useful to enable the worker and employer to determine the post-injury capabilities. A co-operative effort of the employer, union, and treating doctors is a critical element in this effort. The department will be actively pursuing this type of program in 1985.

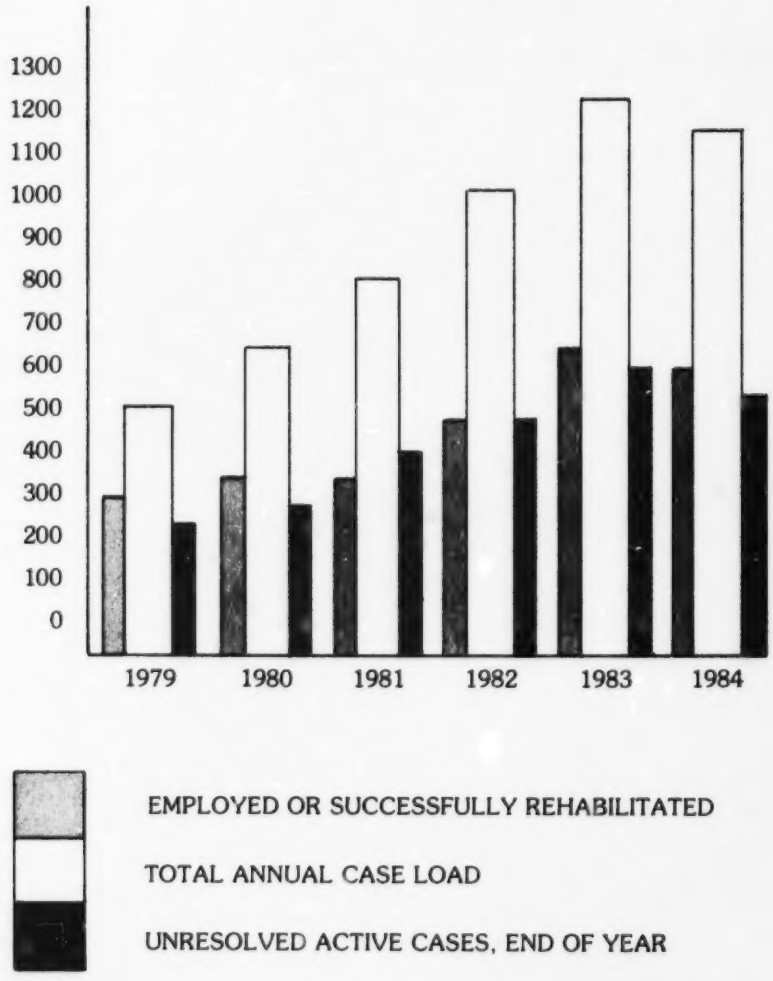
The department had three changeovers in counselling staff during 1984.

This created some interruptions in delivery of services because of required training time, case load familiarization, and work orientation. However, other staff members were able to cope with the extra workloads in a capable, efficient manner.

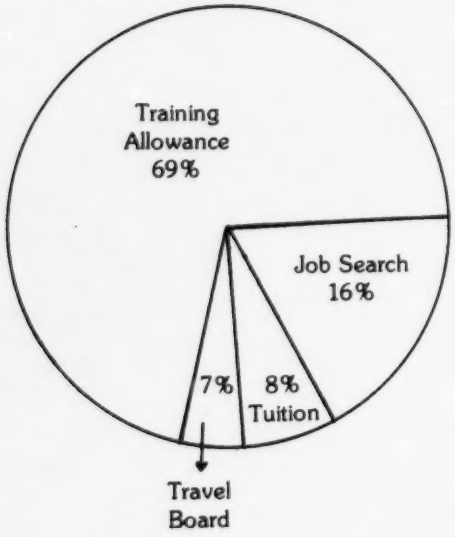
1984 CASE LOAD MANAGEMENT WITH COMPARATIVE FIGURES FOR 1983 AND 1982

No. of Counsellors	1984 5	1983 5	1982 5
Returned to Employment	340	399	248
Programmed	199	200	139
Refused Services	29	14	20
Non Vocational Matter	29	22	78
Resolved Cases	597(51%)	635(51%)	485(49%)
Presently in Training	104	108	121
Under Medical Treatment	272	354	267
Unsuccessful to Date	41	23	13
Not Contacted	142	112	85
Active Cases	559(49%)	597(49%)	486(51%)
Total Case Load	1,156	1,232	971

REHABILITATION DEPARTMENT CASE LOAD MANAGEMENT



REHABILITATION
EXPENDITURE DISTRIBUTION
1984



MEDICAL DEPARTMENT

The Medical Department's primary role at the Commission is one of providing advice during the course of a claim. Medical advice may be needed for the following: to justify the acceptance or rejection of a claim; during investigation and active treatment; to assess the appropriateness of the treatment; to give a prognosis on when and if the claimant will return to regular or modified employment; to expedite referrals to specialists or hospitalization; etc. Such advice and action is essential to the goal of the Commission to fairly and promptly adjudicate and manage injured workers' claims.

Another major role of the Medical Department is to assess claimants for any residual impairment as a result of an injury. This is done after the worker has reached maximum medical recovery. The department's physicians use objective physical findings and judgment to calculate a permanent functional impairment, based on the Commission's "Rating Schedule for Permanent Disability and Disfigurement". A percentage of total body impairment is calculated, to determine the amount of lump sum payment to the injured worker.

The Medical Department physicians promote a good working relationship with the treating doctors, paramedical people, and treating institutions. The treating physician's involvement is essential to achieving our goal of getting the injured worker back into the work force as quickly as possible. Formal presentations have been, and will be, given to groups of physicians; emphasizing the need for a co-operative effort to best serve the injured worker, the Commission, and ultimately society in general.

The area of occupational disease is an ever-increasing concern of the Commission. Occupational Medicine is one of the fastest growing fields of medicine. With major advances in research and information, an expanded number of diseases are now being considered work related. In our efforts to adjudicate these claims fairly, the Medical Advisory Committee on Industrial Respiratory Diseases is consulted regularly. In addition, the newly appointed Director of Medical Services has been certified by The American Board of Preventive Medicine in Occupational Medicine.

The Leonard A. Miller Centre, with its Adult Rehabilitation and Assessment Program, has continued to be used on a regular basis for multi-disciplinary assessments. There were eighty claimants reviewed during 1984. The purpose of these admissions (normally of two weeks duration) is to allow for a multi-disciplinary assessment which includes consideration of psychological and social factors. In the main, this Centre has been used to sort out a myriad of problems for our long-term claimants, and is serving a useful role in the management of claims.

The Medical Department is now looking at further expansion in our use of the Miller Centre, or use of another institution to assist in the goal of decreasing the time that injured workers remain on temporary total disability. The five beds presently being utilized are not enough to prevent a significant waiting list for admission; with the inevitable result of two and three month delays. Formal proposals are being prepared by both the Miller Centre and St. Clare's Hospital concerning an expanded role in this area. The proposals will be assessed by the Commission early in 1985.

Many injuries require a specialist's opinion and this consult can be fraught with delays of two months or more. This causes a negative consequence for the claimant as well as the Commission. Meetings are being held with specialists, in particular, orthopaedic surgeons, to find a way to minimize these delays.

The eight beds made available to us on a priority basis at the Health Science Centre have served to keep our waiting list short for investigative procedures and surgical intervention. The unacceptable long waiting periods, which in the past were frequently more than one year, have been eliminated.

In 1985, the department will have access to the IBM System/38, which will provide the ability to more completely analyze data on such subjects as occupational exposure and risk of occupational disease, treatment time for various injury types, etc., to help improve the effectiveness of the department.

MEDICAL DEPARTMENT CASELOAD MANAGEMENT – 1984

Claimants examined	457
Referrals to the Medical Advisory Committee on Industrial Respiratory Diseases	78
Referrals to the Miller Centre	80
Admissions to the Health Sciences Centre	258
Referrals for consultation and advice:	
From Claims Department	6,286
From Rehabilitation Department	310
From Board of Commissioners	217
From other Provincial Compensation Boards	58
Referrals for Occupational Diseases:	
Hearing	487
Respiratory	185
Referrals for Hospital Admission Assistance	1,075

FINANCIAL SERVICES DEPARTMENT

The Financial Services Department is responsible for all accounting functions, registration and assessment of employeers, and management of the Commission's investment portfolio.

Assessments

Industry is divided into seven classifications. For assessment purposes these classifications are sub-divided into groups. Separate accounting of the injury costs and amount of assessments is maintained for each employer within a group. The assessment rate for a particular group is determined by the injury costs in that group. Each employer in the group is charged an assessment rate per $100 of assessable payroll. The maximum assessable payroll for 1984 per employee was $45,500. All employers are required to submit Payroll Statements by February 28th of each year, indicating the actual payroll for the previous year and an estimate of the payroll for the ensuing year.

The assessments levied on employers and the interest earned on the Commission's investment portfolio provide an injury fund; from which compensation, medical aid, rehabilitation, administration, and occupational health and safety costs are paid.

During 1984, approximately 4,000 new employer registrations were processed by the assessment division. This increase was a result of the new Workers' Compensation Act/Regulations 1983-84, which became effective January 1, 1984. All employers who are not excluded by regulation and who hire one or more employees are now required to register with the Commission.

A study was completed during 1984 on the classification of employers. As a result of the study, a decision was made to assign a rate code to all employers, which will denote the classification of industry to which the employer is assigned. This new method of classifying employers will be effective January 1, 1985.

Revenues

Revenue, including interest earnings, amounted to approximately $38,900,000 in 1984, as compared to $31,600,000 in 1983. Administrative costs for 1984 were $3,949,000 (10.2% of revenue), compared to $2,980,000 (9.4% of revenue) in 1983. Payments on behalf of claimants, transfers to reserves, administrative, and occupational health and safety costs, were $50,700,000 in 1984, compared to $38,800,000 in 1983. Interest earnings amounted to $5,600,000 in 1984 as compared to $5,400,000 in 1983. Interest earnings are an important factor in the financial operation of the Commission. These earnings are used to fund the pension liability and as an aid in stabilizing the employers' assessment rates.

Reserves

The Commission has established reserves:

- to provide for statutory increases in pension payments to spouses, children, and permanently disabled workers;
- to meet the costs for workers suffering enhanced disabilities resulting from disabilities previously suffered in the course of their employment; and,
- to meet the cost arising from any disaster.

These reserves are funded by allocating a portion of the yearly assessments. As at December 31, 1984, the total of these reserves amounted to $8,069,457.

Pension Fund

The pension fund is operated under the authorization of Section 104 of the Workers' Compensation Act. Pensions payable to disabled workers and to dependents of deceased workers are provided for by setting aside capitalized awards which, together with interest earned, are sufficient to meet the

monthly payments to pensioners.

The amount in the fund as at December 31, 1984, was $45,420,380, representing the Commission's liability for the following:

Workers wholly or partially disabled for life	1,364
Spouses	462
Children	381

In addition to the foregoing, there are 210 persons who receive monthly pensions for either disability or dependency. These, however, arise out of accidents to employees of self-insurers. In these cases the pension awards are not capitalized; instead, the monthly payments are charged to the employers as they are paid.

Estimated Liability for the Future Costs of Existing Claims

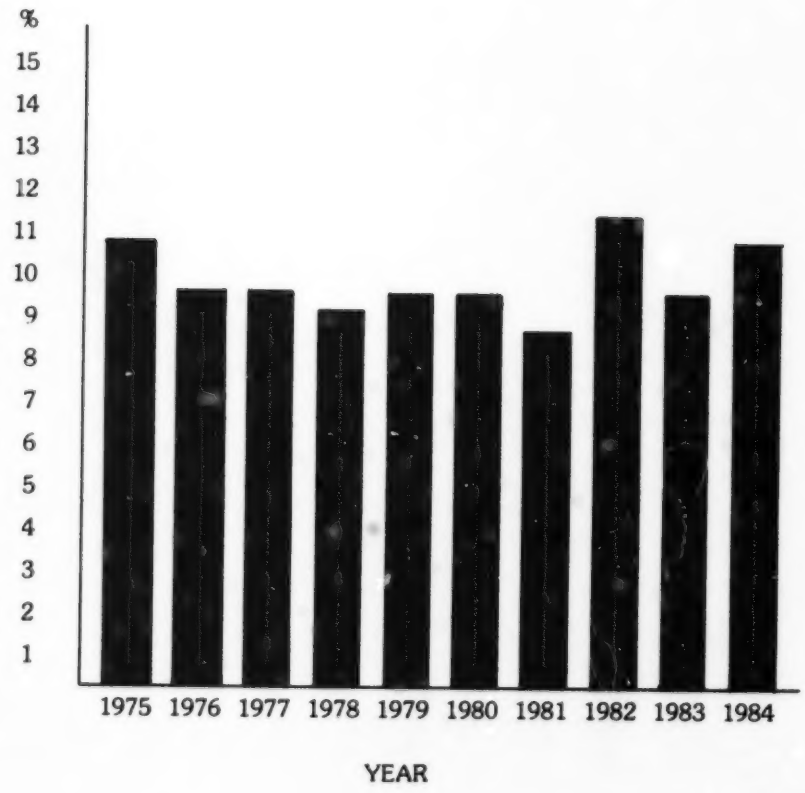
This liability is calculated at the end of each year and is an estimate of the Commission's future requirements to cover the costs of injuries incurred prior to December 31, 1984. In 1984 an indepth review of the liability was performed by our consulting actuary and as a result the method of calculating the liability was changed. The new method resulted in an increase of approximately $11,800,000 in the liability at December 31, 1984. This increase and its effect on the financial position of the Commission has been reflected in the financial statements.

Investments and Interest Earnings

The Commission invests its funds in securities which, in accordance with Section 10 of the Workers' Compensation Act, are authorized by the Laws of Newfoundland for the investment of trust funds. The book value of the Commission's portfolio as at December 31, 1984, was $52,361,961. Total interest income from all sources during the year amounted to $5,629,260 for an average yield of 11.5%. The pension fund was credited with $4,063,771 of the interest earnings and the remaining $1,565,489 was credited to the operating deficit.

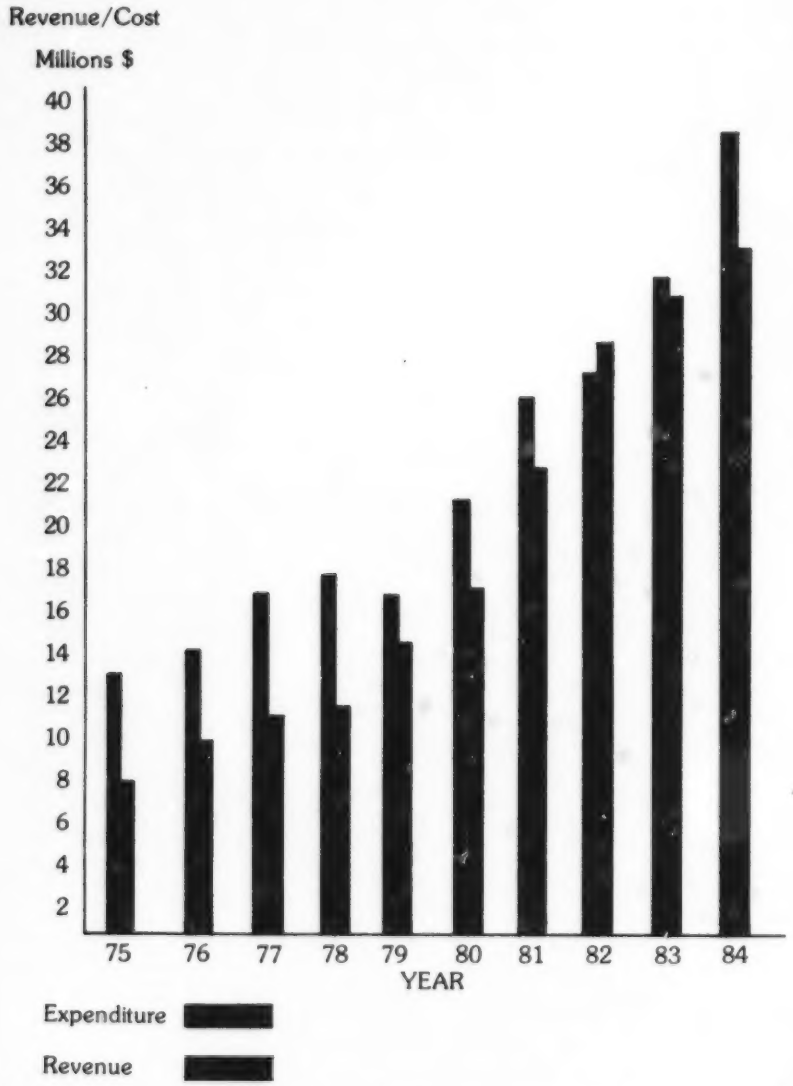
Distribution of Total Expenditures	**1984**	**1983**
Compensation Benefits	88.4%	88.6%
Administration	8.4%	7.7%
Occupational Health & Safety	3.2%	3.7%

PERCENTAGE OF ADMINISTRATIVE EXPENSES TO TOTAL REVENUE 1975 - 1984



COMPARISON REVENUE/EXPENDITURE

1975 - 1984



Expenditure does not include the allocations to reserves and estimated liability for the future costs of existing claims.

INFORMATION SYSTEMS DEPARTMENT

The Information Systems Department is responsible for the computerized information processing requirements of the various departments of the Commission. In addition, the department provides work injury statistics services to the Occupational Health & Safety Division of the Department of Labour and Manpower. Approximately 50% of all processing in 1984 was performed by Newfoundland and Labrador Computer Services. The remaining 50% was shared inhouse by two minicomputers; a Nixdorf 600/45, and an IBM System/38 with 45% of all inhouse processing being performed on the IBM System/38.

During 1984, top priority was given to the development of new systems to be operated on the IBM System/38. The following systems were developed and placed into production.

1. 90% of Net Payment System.
2. The ability to update and access claimant data via computer terminals.
3. Online Pension Payment System.
4. Online Rehabilitation Payment System.
5. Online Rehabilitation Statistical System.

Also, an "Accounts Receivable and Employer's Assessment System" is being developed and is scheduled to be placed into production in January, 1985. A "Lost Time Payment System" is being developed and is scheduled to be completed by April 1, 1985. Two accounting packages "Accounts Payable" and "General Ledger" were also put into production.

In July, a personal computer was installed in the Occupational Health and Safety Division, to act as a communication link to the IBM System/38 at the Commission. This installation provides the Division with the capability of being able to develop computer based systems for internal use. Also, data can be accessed from the files contained on the IBM System/38.

Two personal computers were installed at the branch offices at Grand Falls and Corner Brook. Both computers are linked to the IBM System/38, providing the branch offices with the ability to access information from both the claimants and employer's files. This new method of operation has proved to be a more expedient and reliable way of providing information to the general public in the western and central areas of the province.

To meet the increasing demands of the Commission, the IBM System/38 is to be upgraded to a Model 6. This is expected to be installed in January, 1985.

The installation of word processing equipment in all departments occurred in 1984. AES 7200 equipment was chosen after evaluating several proposals.

STAFF

The Commission continues to enjoy the services of a very competent and efficient staff. There exists an excellent spirit of cooperation and it is hoped that this will continue into the future.

TABLE 1

REPORTED INJURIES AND COSTS
1975 - 84

YEAR	INJURIES REPORTED	
1984	16,107	$26,610,082
1983	15,115	25,453,648
1982	15,320	22,621,491
1981	15,949	18,634,248
1980	14,144	12,380,875
1979	15,437	10,226,170
1978	13,122	7,377,588
1977	13,147	7,366,386
1976	13,217	7,666,010
1975	13,350	6,372,089

TABLE 2

PAYROLLS AND ASSESSMENTS
1975 - 84

YEAR	ASSESSABLE PAYROLLS	ASSESSMENTS
1984	$1,868,265,907*	$31,860,150*
1983	1,681,731,191	27,480,749
1982	1,460,549,600	22,279,253
1981	1,407,328,450	20,978,835
1980	1,171,606,318	14,506,913
1979	1,025,917,857	13,051,676
1978	852,803,032	12,390,592
1977	823,396,138	12,167,687
1976	769,269,148	10,947,824
1975	657,032,738	9,813,712

* Based on employers' estimated payroll to year end — subject to minor changes when adjusted payrolls are received.

TABLE 3

SUMMARY OF BENEFITS – 1984

COMPENSATION BENEFITS:

Maximum annual earnings on which compensation is paid $45,500

Rate of compensation:
(1) 1983 and prior years claims ..... 75% of gross income
(2) 1984 claims ..... 90% of net income

Maximum weekly compensation $587.82
Minimum weekly compensation ..... $200.00, or actual earnings if less.

DEPENDANTS BENEFITS:

(a) Where death resulted from an injury which **occurred prior to January 1st, 1982**

Initial lump sum to spouse	$1,120.00
Monthly spouses allowance	500.48
Children's allowance, up to age 16, or age 21 if attending school	122.07
Funeral expenses	1,120.00
Re-marriage allowance	6,000.00

(b) Where death resulted from an injury which **occurred on or after January 1st, 1982**

Initial lump sum to spouse, based on 2 1/2 times worker's compensable income,

Maximum monthly allowance	$1,895.70
Minimum monthly allowance	500.48

Note: Monthly allowance eligibility depends on age and whether there are dependant children.

Re-marriage allowance; the sum of the monthly payments due, up to a maximum of twelve, or $5,000.00, whichever is the lesser.

REHABILITATION BENEFITS:

Benefits paid to a worker, or to an employer on behalf of a worker, while on a rehabilitation program, can vary with the type of the program. Generally, while a worker is engaged in a program, the income of the worker is maintained to a level equal to temporary total disability benefits. In addition, the costs of training supplies required for the program are covered.

MEDICAL AID

All medical expenses incurred by a worker, related to the compensable

injury, including hospital, doctors, drugs and travel costs, are covered by the Commission.

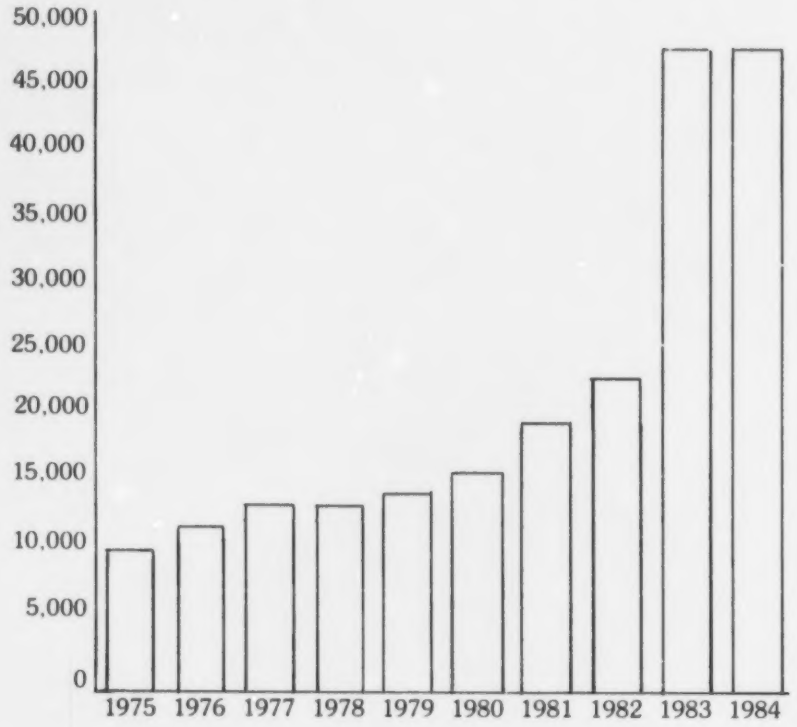
PERSONAL CARE

Where a worker requires special personal care during the period of recuperation, an allowance may be provided, ranging from $100.00 to $500.00 per month.

HOME CARE

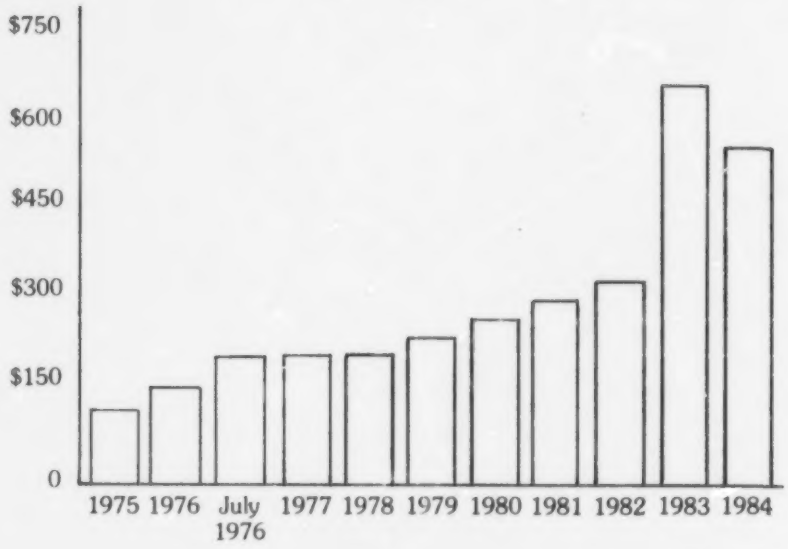
Where a worker is unable to perform ordinary, necessary household chores and a family member is not available to provide that service, the Commission may provide such a service at no cost to the worker.

MAXIMUM CEILING
1975 - 1984

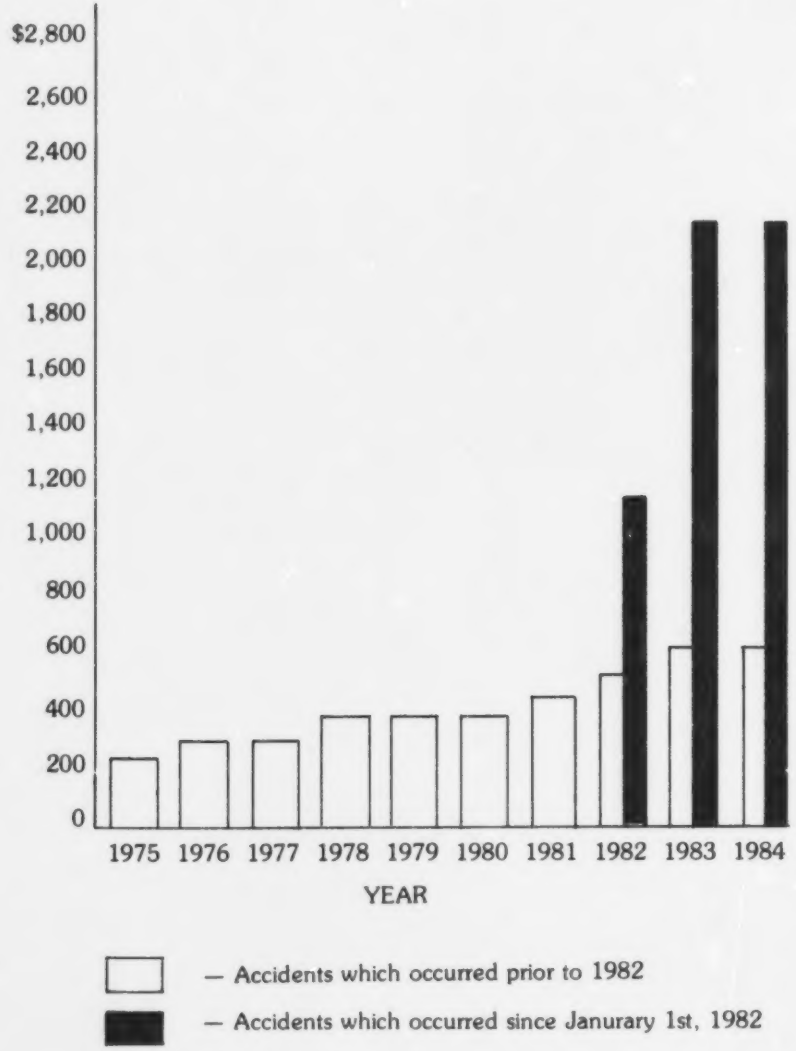


Presently based on earnings up to $45,500 per annum.

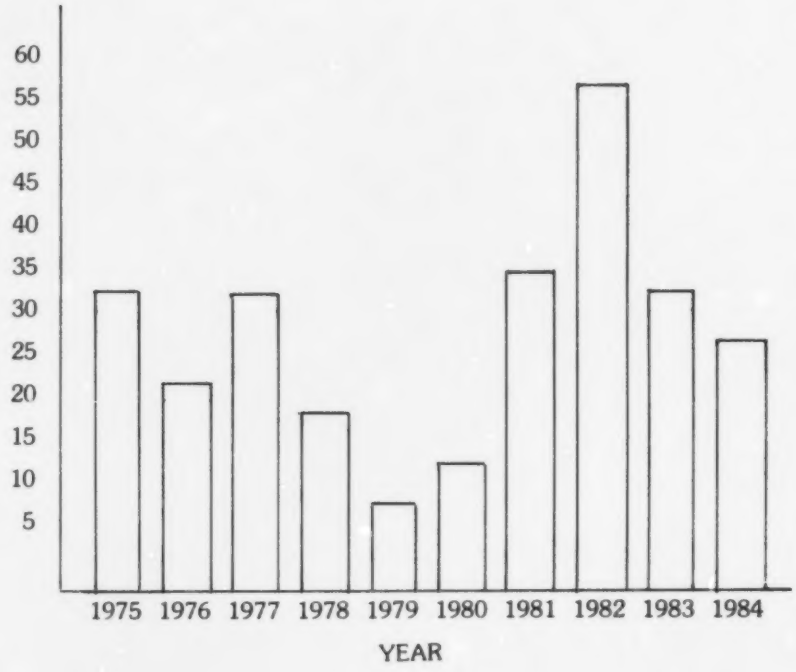
MAXIMUM WEEKLY RATE
PAYABLE
1975 - 1984



SPOUSES MONTHLY ALLOWANCE



FATAL ACCIDENTS COMPENSABLE



NOTE: 1982 figures include the Ocean Ranger Claims

TABLE 4

LOST TIME CLAIMS – 1984
BY CLASS AND NATURE OF ILLNESS

Class	Amputations	Asphyxia	Burns	Concussions	Contusions	Open Wounds	Dislocations	Contact with Electric Current	Fractures	Herniae	Abrasions	Sprains	Multiple Injuries	Miscellaneous	Occupational Illness	Totals
Class 1 – Mining	4		2	1	75	19	1		26	2	14	114	30	34	20	342
Class 2 – Forest Products	3		1		65	60		1	17		3	82	11	19	20	282
Class 3 – Manufacturing	1	2	18		209	129	2	1	38		81	352	29	66	11	939
Class 4 – Construction	8	2	18		268	119	5	2	88	2	58	491	73	108	16	1258
Class 5 – Transportation	1		3	1	76	20		1	26	1	11	164	26	33	3	366
Class 6 – Sale, distribution and service	2		52	4	319	193	2	3	44		35	1046	73	136	21	1930
Class 7 – Fishing	6	6	11		525	730	6		43	1	61	794	51	158	38	2430
Class 9 – Self Insurers	2	1	13	3	250	85	2		41		50	517	70	99	21	1154
TOTALS	27	11	118	9	1787	1355	18	8	323	6	313	3560	363	653	150	8701

TABLE 5

LOST TIME CLAIMS – 1984
BY CLASS AND PART OF BODY

Class	Eyes	Head and Neck	Back and Spine	Chest	Other Trunk	Hands and Fingers	Other Upper Extremities	Feet and Toes	Other Lower Extremities	Multiple Internal Injuries	Body System	Miscellaneous	Totals
Class 1 — Mining	13	21	82	5	19	48	18						
Class 2 — Forest Products	5	27	63	7	20	39	18	26	65	35	4	6	342
Class 3 — Manufacturing	97	26	234	20	50	224	69	15	67	15	1	5	282
Class 4 — Construction	68	45	343	38	70	183	91	44	122	42	3	8	939
Class 5 — Transportation	13	15	106	18	30	44	21	102	201	97	5	15	1258
Class 6 — Sale, distribution and service	28	64	783	34	121	315	139	28 107	54 189	34 124	7	3 19	366 1930
Class 7 — Fishing	54	47	446	58	174	1001	291	93	153	93	14	6	2430
Class 9 — Self Insurers	51	55	350	33	80	146	96	65	173	91	1	13	1154
TOTALS	329	300	2407	213	564	2000	743	480	1024	531	35	75	8701

TABLE 6

LOST TIME CLAIMS – 1984
BY CLASS AND TYPE OF ACCIDENT

Class	Striking Against	Struck By	Caught in, On or Between	Collisions, Derailments and Wrecks	Falls – Same Level	Falls – Different Levels	Inhalation – Temperature Extremes and Explosions	Body Reaction and Over-Exertion	Contact with Electric Current	Miscellaneous Accident Types	Totals
Class 1 – Mining	17	95	14	2	42	24	15	92	1	40	342
Class 2 – Forest Products	16	110	11		29	7	20	66	1	22	282
Class 3 – Manufacturing	57	303	30	8	88	50	22	300	1	80	939
Class 4 – Construction	64	329	35	18	139	111	27	402	3	130	1258
Class 5 – Transportation	9	82	6	11	48	22	3	140	1	44	366
Class 6 – Sale, distribution and service	76	352	33	13	228	77	41	929	3	178	1930
Class 7 – Fishing	98	1025	70	2	253	67	33	690		192	2420
Class 9 – Self Insurers	64	243	10	10	151	63	30	453	1	129	1154
TOTALS	401	2539	209	64	978	421	191	3072	11	815	8701

FINANCIAL EXHIBITS

FUNDING POLICY
AUDITOR'S REPORT

EXHIBIT 1 — Balance Sheet

EXHIBIT 2 — Statement of Revenue, Expenditure and Provisional Operating Deficit

EXHIBIT 3 — Statement of Liabilities and Reserve Accounts

EXHIBIT 4 — Statement of Changes in Financial Position

EXHIBIT 5 — Administrative Expenses

EXHIBIT 6 — Statement of Revenue, Expenditure and Provisional Operating Reserve (Deficit) by Classes

EXHIBIT 7 — Notes to Financial Statements

COMMISSION'S POLICY ON FUNDING FOR RESERVES AND LIABILITIES

Pursuant to Sections 85 and 104 of the Workers' Compensation Act, 1983, The Commission has developed a policy statement on aims and objectives regarding funding of reserves for current and long term liabilities.

POLICY STATEMENT

The Commission shall endeavour to have available sufficient assets to cover the total liabilities and reserves accumulated to any specific point in time.

At the end of each calendar year the total assets of the Commission, consisting of:

(a) depreciated value of fixed assets;
(b) current book value of long and short term investments;
(c) accounts receivable (less allowance for doubtful accounts); and
(d) cash on hand,

shall be compared to the total liabilities and reserves; including:

(a) current liabilities;
(b) liability for long term pensions, payable for life or to age 65;
(c) liability for long term survivors benefits, payable for life or limited periods;
(d) liability for established earnings replacement benefits, projected to age 65;
(e) liability for temporary disability benefits, projected to estimated termination;
(f) liability for estimated future cost of medical aid;
(g) Recapitalization Reserve;
(h) Disaster Reserve;
(i) Second Injury Reserve; and
(j) Annuity Reserve.

NOTE: All liabilities in (a) (b) (c) (d) (e) and (f), shall be calculated on current dollar values with no allowance for future statutory increases or other adjustments. The philosophy being that if the Commission was to cease operation at that point, additional liabilities would not be accrued.

The aim of the Commission shall be, that the total assets as described herein, shall equal or exceed the total liabilities and reserves.

AUDITORS' REPORT

TO THE BOARD OF COMMISSIONERS

We have examined the balance sheet of The Workers' Compensation Commission of Newfoundland and Labrador as at December 31, 1984, and the statements of revenue, expenditure and provisional operating deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Commission as at December 31, 1984, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Doane Raymond

Chartered Accountants

St. John's, Newfoundland
March 25, 1985

EXHIBIT 1
THE WORKERS' COMPENSATION COMMISSION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
DECEMBER 31, 1984

ASSETS

	1984	1983
Current		
Cash	$ 199,701	$ —
Temporary investments, at cost	1,350,000	1,200,000
Receivables		
Assessments (less allowance for doubtful accounts $738,069; 1983 — $812,663)	4,261,464	4,242,456
Interest	1,195,059	972,715
Self-insurers	230,212	240,850
Other	17,617	5,538
	7,254,053	6,661,559
Investments, at book value (Note 2)	52,361,961	48,617,572
Land, building, furniture and equipment (Note 3)	4,948,155	4,465,463
	$64,564,169	$59,744,594

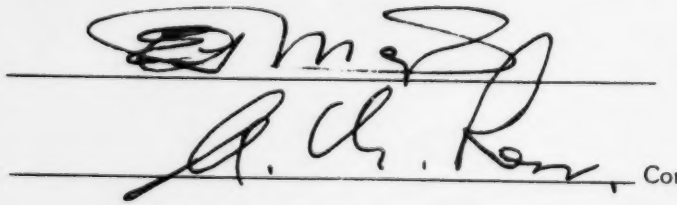
LIABILITIES

	1984	1983
Current		
Bank indebtness	$ —	$ 919,099
Payables and accruals		
Suppliers	300,873	108,714
Occupational Health and Safety	1,493,407	677,966
Due to employers	288,766	470,471
	2,083,046	2,176,250
Estimated liability for future costs of existing claims (Note 4)	30,424,706	17,830,286
Liability for pension awards	45,420,380	42,123,820
	77,928,132	62,130,356

RESERVES AND OPERATING DEFICIT

Disaster	4,842,557	4,022,359
Enhanced disabilities	757,866	536,059
Recapitalization	2,469,034	4,042,226
Provisional operating deficit	(21,433,420)	(10,986,406)
	(13,363,963)	(2,385,762)
	$64,564,169	$59,744,594

ON BEHALF OF THE COMMISSION



Chairman

Commissioner

EXHIBIT 2
THE WORKERS' COMPENSATION COMMISSION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUE, EXPENDITURE AND PROVISIONAL OPERATING DEFICIT
YEAR ENDED DECEMBER 31, 1984

	1984 Trans-actions	Prior Years' Trans-actions	Totals 1984	Totals 1983
Revenue:				
Assessments	$31,860,150	$ 1,411,800	$33,271,950	$26,208,668
Self-insurers	514,412	885,040	1,399,452	1,576,196
Interest on investments (includes $1,565,489 allocated to classes; 1983 — $1,568,324)	5,629,260	—	5,629,260	5,394,821
	38,003,822	2,296,840	40,300,662	33,179,685
Expenditure				
Claims and pension awards	10,851,340	885,040	11,736,380	11,026,011
Interest transferred to pension reserve	4,063,771	—	4,063,771	3,826,497
Occupational Health and Safety	1,495,042	—	1,495,042	1,417,649
Administrative	3,948,572	—	3,948,572	2,980,284
	20,358,725	885,040	21,243,765	19,250,441
Excess of revenue over expenditure before transfers	17,645,097	1,411,800	19,056,897	13,929,244
Transfers to				
Estimated liability for future costs of existing claims	10,694,902	16,311,707	27,006,609	16,595,991
Disaster reserve	1,664,868	—	1,664,868	1,480,149
Enhanced disabilities reserve	332,974	—	332,974	251,135
Recapitalization reserve	499,460	—	499,460	1,255,676
	13,192,204	16,311,707	29,503,911	19,582,951
Excess of expenditure over revenue	$ 4,452,893	$(14,899,907)	(10,447,014)	(5,653,707)
Provisional operating deficit, beginning of year			(10,986,406)	(5,332,699)
Provisional operating deficit, end of year			$(21,433,420)	$(10,986,406)

EXHIBIT 3
THE WORKERS' COMPENSATION COMMISSION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF LIABILITIES AND RESERVE ACCOUNTS
YEAR ENDED DECEMBER 31, 1984

	Estimated Liability for Future Costs of Existing Claims	Liability for Pension Awards	Disaster Reserve	Enhanced Disabilities Reserve	Recapitalization Reserve
Balance, beginning of year	$17,830,286	$42,123,820	$4,022,359	$536,059	$4,042,226
Deductions:					
Benefits paid or charged with respect to claims	14,412,189	6,417,962	844,670	111,166	2,072,652
	3,418,097	35,705,858	3,177,689	424,893	1,969,574
Additions:					
Transfers	27,006,609	5,650,751	1,664,868	332,973	499,460
Interest earnings	—	4,063,771	—	—	—
Balance, end of year	$30,424,706	$45,420,380	$4,842,557	$757,866	$2,469,034

EXHIBIT 4
THE WORKERS' COMPENSATION COMMISSION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1984

	1984	1983
Cash and temporary investments derived from		
Decrease in long term receivable	$ —	$ 317,020
Sale and maturity of investments	7,186,732	13,911,835
Increase in		
Payables and accruals	1,007,600	283,909
Amounts due to employers	—	189,753
Increase in liabilities and reserves	40,103,472	36,250,494
	48,297,804	50,953,011
Cash and temporary investments applied to		
Operations		
Excess of expenditure over revenue	10,447,014	5,653,707
Depreciation	(332,946)	(143,126)
Amortization of premiums on investments	(48,210)	(61,400)
	10,065,858	5,449,181
Increase in receivables	242,793	583,328
Purchase of		
Investments	10,979,331	14,282,553
Building	347,921	94,123
Furniture and equipment	467,717	529,274
Decrease in amount due to employers	181,705	—
Benefits paid or charged with respect to claims	24,743,679	30,187,899
	47,029,004	51,126,358
Increase (decrease) in cash and temporary investments	1,268,800	(173,347)
Cash and temporary investments, beginning of year	280,901	454,248
Cash and temporary investments, end of year	$ 1,549,701	$ 280,901

EXHIBIT 5
THE WORKERS' COMPENSATION COMMISSION
OF NEWFOUNDLAND AND LABRADOR
ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 1984

	1984	1983
Salaries and benefits	$2,696,770	$2,233,752
Telephone, postage and general office	476,944	284,183
Depreciation	332,946	143,125
Computer services	250,663	250,662
Building operations and maintenance	217,333	191,919
Printing and supplies	182,977	91,241
Professional services	136,878	162,048
Travel	92,795	97,065
Vehicle operating	54,293	40,878
Miscellaneous	29,955	17,731
Equipment	24,014	48,853
	4,495,568	3,561,457
Deduct: Rental income	266,531	283,919
	4,229,037	3,277,538
Administration expenses charged to Self-insurers as follows:		
Government of Newfoundland	158,023	169,950
Government of Canada	56,029	54,655
Canadian National Marine	35,731	35,971
Terra Transport	27,155	31,019
Memorial University of Newfoundland	2,844	4,007
Quebec North Shore and Labrador Railway	683	1,652
	280,465	297,254
	$3,948,572	$2,980,284

EXHIBIT 6
THE WORKERS' COMPENSATION COMMISSION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUE, EXPENDITURE AND PROVISIONAL OPERATING RESERVE (DEFICIT) BY CLASSES
YEAR ENDED DECEMBER 31, 1984

	1984 Totals	Class 1 Mining	Class 2 Forest Products	Class 3 Manufacturing	Class 4 Construction	Class 5 Transportation	Class 6 Service Industries	Class 7 Fishing	Class 9 Self Insurers	Transferred to Liabilities for Pension Awards
Revenue										
Assessments	$33,271,950	$3,713,031	$2,379,520	$3,636,241	$6,900,107	$2,064,485	$6,969,297	$7,609,269	$	$
Self-insurers	1,399,452								1,399,452	
Interest on investments										
Allocated to classes	1,565,489	204,221	120,452	174,401	333,195	101,650	369,061	262,509		
Transfers to liability for pension awards	4,063,771									4,063,771
	40,300,662	3,917,252	2,499,972	3,810,642	7,233,302	2,166,135	7,338,358	7,871,778	1,399,452	4,063,771
Expenditures										
Claims and pension awards	11,736,380	920,624	629,693	1,077,859	2,204,492	666,540	1,902,890	2,934,830	1,399,452	
Interest transferred to liability for pension awards	4,063,771									4,063,771
Occupational Health and Safety	1,495,042	137,861	99,010	169,934	358,403	99,471	297,953	332,410		
Administrative	3,948,572	364,106	261,497	448,816	946,581	262,714	786,926	877,932		
	21,243,765	1,422,591	990,200	1,696,609	3,509,476	1,028,725	2,987,769	4,145,172	1,399,452	4,063,771
Excess of revenue over expenditure before transfers	19,056,897	2,494,661	1,509,772	2,114,033	3,723,826	1,137,410	4,350,589	3,726,606		
Transfers to										
Estimated liability for future costs of existing claims	27,006,609	3,373,563	1,328,321	2,633,901	7,056,942	2,403,387	6,854,149	3,356,346		
Disaster reserve	1,664,868	185,652	118,943	181,264	346,935	104,111	349,161	378,802		
Enhanced disabilities reserve	332,974	37,130	23,789	36,253	69,387	20,822	69,832	75,761		
Recapitalization reserve	499,460	55,695	35,683	54,379	104,080	31,233	104,749	113,641		
	29,503,911	3,652,040	1,506,736	2,905,797	7,577,344	2,559,553	7,377,891	3,924,550		
	(10,447,014)	(1,157,379)	3,036	(791,764)	(3,853,518)	(1,422,143)	(3,027,302)	(197,944)		
Provisional operating reserve (deficit), beginning of year	(10,986,406)	(919,163)	945,897	(1,589,557)	(4,061,620)	592,623	(1,872,828)	(4,081,758)		
Provisional operating reserve (deficit), end of year	$(21,433,420)	(2,076,542)	948,933	(2,381,321)	(7,915,138)	(829,520)	(4,900,130)	(4,279,702)		

EXHIBIT 7
THE WORKERS' COMPENSATION COMMISSION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1984

1. Accounting policies

Assessments receivable

i) No provision has been made in the financial statements to provide for revisions in 1984 assessments based on actual payroll returns filed by employers.

ii) Write-offs of uncollectable assessment balances are charged against assessment revenues.

Investments

i) A gain or loss on an exchange of investments is deducted or added to the cost of a new investment and amortized to its maturity or call date.

ii) Investment income.

Interest earnings are allocated on the basis of 9.5% to the liability for pension awards and the balance prorated to the classes.

Capital expenditures and depreciation

Cost of office machines and other equipment are charged to expense in the year of acquisition. Capital items acquired in excess of normal requirements are amortized on a straight-line basis over the anticipated useful life of the assets and in this category are:

	Annual Rate
Building	2 1/2%
Furniture and equipment	10%; 20%

Estimated liability of future costs of existing claims

This liability represents the estimated amount required to meet future payments of compensation, medical aid and pension awards in respect of 1984 and prior years' accident claims.

As is explained in Note 4, the estimated liability has been calculated on an actuarial basis in 1984.

The actuarial calculation is to be reviewed every two (2) years.

Liability for pension awards

The purpose of the liability is to set aside amounts to provide for the future payments on established pensions.

The capitalization of pensions and the resulting calculation of the pension liability is determined on an actuarial basis, to be reviewed every two (2) years.

The latest actuarial report was prepared on the basis of financial information available to December 31, 1982.

Transfers to reserves

Transfers to reserves for Disaster, Enhanced Disabilities and Recapitalization are calculated as a percentage of annual assessments revenue as follows:

	1984	1983
Disaster	5%	6%
Enhanced Disabilities	1%	1%
Recapitalization	1.5%	5%

2. Investments

	Par Value	Book Value
Newfoundland and Labrador Hydro	$18,163,000	$18,524,045
Province of Newfoundland and Labrador	6,806,000	7,050,797
Newfoundland Light and Power	3,898,000	4,029,523
Government of Canada	5,550,000	5,509,192
Ontario Hydro	3,437,000	3,568,448
Newfoundland Telephone	2,160,750	2,153,350
City of St. John's	1,873,000	1,880,721
British Columbia Hydro	2,000,000	1,991,811
Central Trust	1,000,000	1,000,000
Nova Scotia Municipal Financing Corporation	857,000	860,434
Transalberta Utilities Corporation	685,000	850,866
Westcoast Transmission	725,000	732,151
Province of Prince Edward Island	700,000	693,933
Maritime Telephone & Telegraph	680,000	672,590
New Brunswick Electric Corporation	460,000	473,458
Other	2,439,000	2,370,642
	$51,433,750	$52,361,961

The approximate fair market value of the investments as at December 31, 1984, amounted to $46,525,647.

3. Land, building, furniture and equipment

	1984			1983
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 10,830	$	$ 10,830	$ 10,830
Building	4,552,142	616,413	3,935,729	3,701,611
Furniture and equipment	1,314,965	313,369	1,001,596	753,022
	$5,877,937	$929,782	$4,948,155	$4,465,463

4. Estimated liability for future costs of existing claims

Prior to 1984, the Commission estimated the liability for the future costs of existing claims on the basis of internally developed percentages applied to the costs incurred in the current and prior years.

However, it appeared that the Commission's operations were similar to those of other Commissions in Canada, where inflation and rising claims experience during the recent years' poor economic performance were impacting in a consistently deterimental manner.

Accordingly, in 1984, the Commission obtained the services of a consulting actuary, William M. Mercer Limited, to perform an indepth review of the approach to the determination of the estimated liability to assess its effectiveness in adequately reflecting the extent of future payments, both as to length and amounts of claims.

The resulting report recommended an actuarial calculation which required an additional increase in the estimated liability by approximately $11,800,000 as at December 31, 1984.

This increase has been expensed in 1984 as follows:

1984 transactions	$ 1,600,000
Prior years' transactions	10,200,000
	$11,800,000